

Data Sheet

USAID Mission:	Kazakhstan
Program Title:	Energy and Water
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	115-0161
Proposed FY 2004 Obligation:	\$1,973,000 FSA
Prior Year Unobligated:	\$500,000 FSA
Proposed FY 2005 Obligation:	\$1,150,000 FSA
Year of Initial Obligation:	2001
Year of Final Obligation:	FY 2006

Summary: USAID's water and energy activities are focused on improving Kazakhstan's capacity to manage natural resources and energy, through well-directed technical assistance, the introduction of improved technologies accompanied by selected training, targeted public outreach, and similar actions leading to better management of critical resources. This includes activities which seek to broaden public participation in energy and related decision-making and improve government's capacity to effectively regulate oil, gas, and electric resources.

Inputs, Outputs, Activities:

FY 2004 Program:

Improve Transparency, and Public Participation in the Management of Energy and Water Resources (\$1,673,000 FSA, \$499,725 FSA carryover). USAID will provide further assistance to the Ministry of Energy and Natural Resources to enable the government to establish and maintain a series of databases to track production and related information in the oil and gas arena. The information from these databases is critical to informed decision-making, and would be available to both public and private entities. USAID's support will provide technical assistance, training, and in some cases, specialized hardware and software to create systems and networks that will assure information sharing. In order to help assure the success of planned changes this year in the tendering process for issuing lease sales related to upcoming tenders of oil and gas blocks in the Caspian Sea, USAID will provide assistance in partnership with the U.S. Department of Interior's Minerals Management Service. Specialized training and technical advice will help Ministry officials to understand and follow lease and tendering processes that are consistent with industry standards worldwide. These standards are more open and transparent than those used in Kazakhstan in the past. This work helps reinforce USAID's overall goals for enhancing resource management by providing the foundations for public disclosure of key sector data and transparency in operations within the industry, all of which are required for Kazakhstan to become recognized as a key supplier to the east-west corridor pipelines. Additional USAID activities in FY 2004 will build on past successes by further strengthening key local natural resource-oriented NGOs, heightening their leadership capacity and enabling them to participate more fully in the policy arena with government. Several public service announcements will be developed and widely broadcast in Kazakhstan to increase public awareness of important resources issues in the country. Other public outreach activities, many of them performed in conjunction with training opportunities, will continue to create grassroots support for improved access to services, increased transparency, and enhanced resources management. Principal contractor: PA Government Services.

Support a Development Credit Authority Program (DCA) in the Energy and Water Sector (\$300,000 FSA). USAID will fund a new activity to stimulate expanded private sector investment in the energy and water sectors of Kazakhstan. The program will specifically target and partially guarantee loans to private firms or other entities for implementing energy savings measures or for improved municipal/potable water systems. In addition to loan guarantees, the program contemplates the use of funding for technical assistance to assist interested potential borrowers in preparing the documentation required by participating lending institutions. Principal contractor: to be determined.

FY 2005 Program:

Improve Transparency and Public Participation in the Management of Energy and Water Resources (\$1,150,000 FSA). USAID will continue to provide training and technical assistance to strengthen the regulatory framework and the government's capacity to collect, analyze, and share an open and accessible database of information on oil and gas production, and to develop high standards for oil and gas leasing. USAID's energy sector program for Kazakhstan directly addresses these issues by improving the knowledge base and management capability of public entities responsible for managing the sector, and by directly supporting the creation and strengthening of public awareness and strong NGO organizations to serve as advocates for the public. Principal contractor: PA Government Services.

Support a Development Credit Authority Program in the Energy and Water Sector (\$0 FSA). USAID plans to begin a program through USAID's Development Credit Authority facility to stimulate the adoption of beneficial investment in local energy infrastructure, while also promoting energy-saving technologies throughout the country. This program holds great potential in Kazakhstan and could go far to address the deteriorating condition of energy infrastructure in the country. It is anticipated that the program would support loans for such activities as the installation and utilization of energy-saving technologies or improvements in water delivery service. Principal contractor: to be determined.

Performance and Results: USAID's activities in energy broaden and deepen public advocacy in natural resources and promote related transparency, openness, and public participation. The primary vehicles for this assistance are pilot demonstration models, effective training, public outreach, and technical assistance. In 2003, successful heating efficiency demonstration models were completed in the city of Atyrau. At the conclusion of the heating season, it was demonstrated that the technology USAID introduced achieved a 26% energy savings. Data from only four model locations was sufficient to convince Atyrau city and utility officials to acquire and install, using their own resources, equipment at 18 additional locations, with six more planned by the end of 2003. Innovative training for Ministry officials assured that generally well-recognized tendering procedures will be adopted and used by the Ministry in a series of planned oil and gas leasing tenders during FY 2004. USAID's work with the city of Almaty's Department of Social Protection was responsible for significantly improving both the level of customer service by the department as well as the coverage of the city's safety net program to assist the poor in paying their electric bills. Most important, the program emphasizes the practicality of subsidizing people rather than utility companies, and proves that effective safety net programs are possible while utilities shift to market-based rates. USAID support has been instrumental in the development and support of three important industry associations, the Kazakhstan Electricity Association, the Kazakhstan Petroleum Association, and the Kazakhstan Business Association for Sustainable Development, the first such association in the former Soviet Union. These entities have become leaders in promoting industry interest and concern for effective, efficient, and environmentally-sound policies and reforms in the management of the energy and water sectors.

By program completion, regulations for more environmentally responsible management of oil and gas fields will be in place. Demonstration models on improving heating efficiency in buildings will have been implemented, and specialists will be trained to effectively utilize and replicate these models. Improved systems for collecting, analyzing, and transmitting weather and water resources data will also be in operation. An improved legislative environment will bring about a more transparent tariff and regulatory system with more citizen involvement in the petroleum and electricity sectors.